



MICHIGAN LOTTERY RETAILER - PERFORMANCE REQUIREMENTS -

1. The Retailer shall immediately notify the Licensing Section of any lapse in on-line terminal operation that will exceed 48 hours in duration. The Retailer's equipment may be removed and/or the license may be revoked if the Retailer fails to promptly notify the Lottery of any lapse in an on-line terminal operation.
2. The Retailer's license shall be revoked if the Retailer has an unapproved lapse in operation that exceeds 30 calendar days.
3. The Retailer shall pay the fees set by the Lottery; for communication equipment installation (telephone line), for failure to promptly settle for any game, and for failure to meet minimum sales performance requirements. The following fees are established in accordance with Lottery Rules and may be modified by the Lottery at any time. Retailers will be provided advance written notice of any fee changes.
 - a. Communication Equipment (telephone line) Fee - \$420.10 This fee is for the installation of telecommunication service for an on-line Lottery terminal.
 - b. Delinquency Fee - \$200 This fee may be assessed by the Lottery each time a Retailer is delinquent.
 - c. Terminal Minimum Sales Performance Program - All retailers with an on-line terminal are subject to the terminal minimum sales performance fee. Weekly sales must average \$500 per week.
 - 1) The program is based on calendar quarters starting July through September 2006.
 - 2) At the end of each quarter, your weekly sales for that quarter will be averaged. If your combined Lottery sales (all products sold at your location) fall below a weekly average of \$500 for the quarter and below a weekly average of \$500 for the prior 52 weeks, you will be charged \$20 per week for every week of the following quarter.
 - 3) A letter will be mailed to you the first week the fee is assessed.
 - 4) The \$20 fee will be included as an "adjustment" on your Weekly Invoice Report and will be automatically included with your weekly settlement.
 - 5) Retailers with more than one lottery terminal must maintain a combined minimum weekly sales average of \$500 per terminal. This also applies to self-service terminals.
 - 6) Terminals will not be evaluated for the first eight weeks of sales.
 - 7) The program applies to retailers in temporary closed status including seasonal locations, replacing the Lottery's inactive fee program. Locations in a temporary closed status are required to keep an active EFT account with the proper funds available to ensure the Lottery receives payment.
 - 8) Failure to pay the minimum sales fee will result in the removal of the terminal from the retailer's place of business.

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4. Retailers must not be delinquent in settling accounts with the Lottery.
 - a. A Retailer's selling privileges may be suspended upon determination that the Retailer is delinquent for any settlement.
 - b. Retailers are expected to promptly "make good" a delinquency by remitting a cashier's or certified check to the Lottery for the full amount of the delinquency plus any delinquency fee. A fee may be assessed for each delinquency in accordance with the fee schedule currently in effect.
 - c. A Retailer who fails to promptly "make good" a delinquency shall be subject to license revocation.
 - d. A Retailer who exceeds the established number of delinquencies within six consecutive months shall be subject to license revocation.
 - e. Specific definitions of terms:
 - (1) Delinquent Retailer: A Retailer who fails to have sufficient good, available funds in the financial institution account at the time the Lottery attempts to electronically withdraw the Retailer's settlement, or who fails to settle an invoice issued by the due date of the invoice, or who issues a non-sufficient funds check to the Lottery resulting in the financial institution's refusal of the Electronic Funds Transfer (EFT) for payment.
 - (2) Good, Available Funds: Unrestricted funds credited to a Retailer's account that a financial institution will release for payment of an EFT. Unrestricted funds do not include checks placed on hold by the financial institution until they have cleared the maker's account or deposited checks that the maker's financial institution has returned unpaid.
 - (3) Waiver of Delinquency: A Retailer may not be considered delinquent if:
 - (a) An EFT return occurs the first week that an EFT is attempted against a newly established EFT account; or
 - (b) The Retailer has notified the Lottery of a robbery resulting in the loss of funds and has provided a copy of the police report; or
 - (c) An EFT is returned because of a verifiable financial institution error. Documentation shall include:
 - 1) Letter from a financial institution officer.
 - 2) A deposit ticket (both sides) showing cash was deposited into the proper account.
 - 3) Monthly statement showing daily balances.
5. Failure to meet the performance requirements or the terms and conditions of the Contract shall result in disciplinary action depending on the nature and severity of the violation. When the severity of a violation warrants equipment removal and/or license revocation, the Retailer may request a conference with the Commissioner or the Commissioner's designee. At this informal conference, the alleged violation shall be reviewed with the Retailer. The Retailer shall have the opportunity to refute the alleged violation or to explain the reasons for the violation. The Retailer will be notified in writing of the Commissioner's decision.